networks. Local wholesale customers have attached their lines to over 370,000 of SBC's poles and occupy 1,568 miles of SBC conduit space.

Facilities-based local service providers have received more than 60,500 unbundled local loops and nearly 350 unbundled switch ports from SBC for their own use. The local wholesale customers are able to access these facilities, and interconnect with SBC's local networks, using 490 operational physical collocation arrangements and 58 operational virtual collocation arrangements. Over 170 central offices in SBC's local service areas host either physical collocation or virtual collocation. These central offices give the CLECs access to over 70% of the metro area access lines in California and access to over 25% of the metro area access lines in SBC's remaining areas. An additional 406 physical collocation arrangements are under construction. Operational physical and virtual collocation arrangements have been established in all of SBC's in-region states.

Local service providers have placed more than 500,000 end user listings in SBC's White Pages directories and have been assigned approximately 22 million telephone numbers for

use by their end users. More than 115 local service providers are using SWBT's Directory Assistance and Operator Call Completion Services, and 45 local service providers are using the systems of Pacific Bell and Nevada Bell.

SBC has ported nearly 85,000 former SWBT, Pacific Bell, and Nevada Bell telephone numbers to other local carriers. Each ported number represents one or more local telephone lines formerly served by SBC that now are served by a facilities-based local service provider.

Local service providers are also vigorously entering local markets in SBC's region through resale. Local service providers have gained nearly 650,000 resold lines, including 237,000 business lines and 393,000 residential lines. Local service providers have gained more than 20,000 private coin lines via resale.

Although SBC has no way of quantifying all the services provided by local service providers entirely over their own facilities, the information available to SBC through its own databases shows that facilities-based local service providers in SBC's service areas are serving at least 368,000 local lines over their own local telephone networks.

This number is based on 911 records in which the CLEC specifies this type of customer.

SBC's Section 251 / Checklist Provisioning Status

Data through: 6/98 (unless otherwise noted)

Shaded data through 5/98 (unless otherwise noted)

Date Produced: 7/20/98

Green, Italicized, bolded data is corrected from previous edition.

CHECKLIST DESCRIPTION	PRODUCTS PROVIDED	AR	KS	MO	OK	TX	SWBT's 5 States	CA	NV	SBC TOTAL
Interconnection for the transmission and routing of telephone exchange service and exchange access at any technically feasible point within the carrier's network.	**Total Interconnection Trunks Provided to CLECs**	5,662	3,364	12,643	9,898	94,407	125,974	224,664	2,496	353,134
	· *One Way Trunks* (SBC to CLEC)	4,184	1,728	5,524	7,401	52,424	71,261	14,474	0	85,735
	· One Way Trunks (CLEC to SBC)	620	400	1,824	1,513	19,374	23,731	1,688	0	25,419
	· Two Way Trunks	858	1,236	5,295	984	22,609	30,982	208,502	2,496	241,980
	Physical Collocation *									
	· Operational Cages	6	3	9	15	61	94	393	3	490
	· Pending Cages	5	7	30	7	117	166	239	1	406
	Virtual Collocation *									
	· Operational Arrangements	2	6	8	5	37	58	0	0	58
	· Pending Arrangements	0	0	0	0	1	1	1	0	2
	Number of Collocated Wire Centers	3	4	9	13	41	70	100	3	173
2 Nondiscriminatory access to network elements. (In addition, See Items 3-6 below)	**Number of CLECs passing orders in 1998**	15	17	22	16	102	172	46	4	222
	Total orders processed (2/6/98 - 6/98) **	62,672	98,876	47,164	75,597	1,173,348	1,457,655	795,159	6,034	2,258,848
	· Manual	59,264	63,388	26,378	68,677	900,765	1,118,452	100% in 1998	6,034	
	· Electronic	3,408	35,508	20,786	6,920	272,581	339,203	0% in 1998	0	
	Total orders processed in 1997 **	19,035	41,476	6,396	22,832	641,098	730,837	491,327	3,511	1,225,675
	· Manual	19,035	28,972	6,309	20,408	495,077	569,801	~80%	3,511	
	· Electronic	0	12,504	87	2,424	146,021	161,036	~20%	0	
	Total orders processed in 1998 **	43,637	57,400	40,764	52,761	490,644	685,206	234,635	2,523	922,364
	· Manual	40,229	34,396	20,065	48,265	364,084	507,039	91,506	2,523	
	· Electronic	3,408	23,004	20,699	4,496	126,560	178,167	143,129	0	
	Total orders processed in June 1998 **	6,739	10,609	9,718	8,243	78,191	111,500	61,665	465	173,630
	· Manual	5,637	5,360	2,417	6,845	52,043	72,302	36,999	465	
	· Electronic	1,102	5,249	7,301	1,398	24,148	39,198	24,666	0	
3 Nondiscriminatory access to poles, ducts, conduits and rights of way.	· Total Number of Poles Attached (Note 1)	166	56	388	186	2,359	3,155	370,060	508	373,723
	· Total Feet of Duct Occupied (Note 1)	217,792	13,214	61,530	107,329	626,931	1,026,796	7,236,650	16,225	8,279,671
4 Local loop transmission from the central office to the customer's premises, unbundled from local switching or other services.	**Unbundled Loops**	1,195	361	1,820	1,345	331	4,852	52,092	3,591	60,535
5 Local transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services.	**Unbundled Transport**									
	· Dedicated Transport Available?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	· Shared Transport Available?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6 Local switching unbundled from transport, local loop transmission or other services.	***Unbundled Switch Ports***	0	0	0	0	182	182	161	0	343
7 Nondiscriminatory access to 911 and E911, directory assistance, and operator call completion services.	· E911 Trunks (not included in Item 1 Total)	18	24	16	20	158	236	508	6	750
	· DA/OA Trunks (not included in Item 1 Total) ***	64	0	84	85	725	958	4	18	980
	· CLECs using Directory Assistance Service (Note 2)	9	12	16	10	100	117	Data Not Available	Data Not Available	
	· CLECs using "0" Call Completion Service (Note 2)	9	12	16	10	99	116	Data Not Available	Data Not Available	
	· Are CLECs offered E-911 service directly to government bodies or interconnecting with SBC's existing service arrangements?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Number of Facilities Based CLEC End User E-911 Listings (MOKA a/o 7/8/98) · Residence	427	2	50	99	4,312	4,890	Res/Bus Split		4,890
	· Business	10,720	2,051	4,044	17,347	54,770	88,932	Not Available		88,932
	· Total	11,147	2,053	4,094	17,446	59,082	93,822	261,051	13,048	367,921
8 White pages directory listing for customers of other carrier's telephone exchange service.	**Number of CLEC End User White Pages Listings** Resale	13,195	43,230	19,168	19,106	219,786	314,485	164,960	617	480,062
	· Facilities Based	589	297	1,008	927	3,531	6,352	14,577	891	21,820
	· Total	13,784	43,527	20,176	20,033	223,317	320,837	179,537	1,508	501,882

SBC's Section 251 / Checklist Provisioning Status

numbers for assignment to the other carrier's	· Numbers Assigned	140,000	100,000	970,000	390,000	7,700,000	9,300,000	13,360,000	30,000	22,890,000
telephone exchange service customers.	· Numbers Pending Assignment	0	0	0	30,000	670,000	700,000	1,470,000	0	2,170,000
Nondiscriminatory access to databases and associated signaling necessary for call routing and completion.	Access to 800, Line Information Database (LIDB), Calling Name Delivery Database (CNAM), and SS7 Signaling Network Available?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Interim number portability through	**Numbers Ported to CLECs via INP**									
RCF or DID trunks. Each line ported	· Residential Lines	5	0	2	0	50	57	0	0	57
represents conversion of an existing line from	· Business Lines	2,441	1,045	2,045	11,520	23,953	41,004	35,768	7,643	84,415
SBC to a facilities-based provider.	· Total	2,446	1,045	2,047	11,520	24,003	41,061	35,768	7,643	84,472
Nondiscriminatory access to services and information required to allow	· Are additional access codes or digits needed to complete local calls to or from CLEC customers?	No	No	No	No	No	No	No	No	No
implementation of dialing parity.	· IntraLATA toll dialing parity available concurrent with SBC's provision of interexchange service?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
1 Reciprocal compensation arrangements.	**Local and EAS Minutes of Use Exchanged Over**									
(Note 4) ****	**Interconnection Trunks Since 1/1/97 (in Millions)**									
	· From SBC to CLEC	29.1	0.4	43.4	148.2	271.0	492.1	2,964.5	26.3	3,482.9
	· From CLEC to SBC (CA - does not incl. Jan-98)	6.7	0.0	0.3	12.5	256.8	276.3	582.0	0.0	858.3
	· Total	35.8	0.4	43.7	160.7	527.8	768.4	3,546.5	26.3	4,341.2
	Local and EAS Minutes of Use Exchanged Over									
	Interconnection Trunks in May 1998 (in Millions)									
	· From SBC to CLEC	2.4	0.1	1.1	10.6	14.0	28.2	Not Available	3.4	31.6
	· From CLEC to SBC	0.0	0.0	0.3	1.6	38.0	39.9	50.3	0.0	90.2
	· Total	2.4	0.1	1.4	12.2	52.0	68.1	50.3	3.4	121.8
	Local and EAS Minutes of Use Exchanged Over									
	Interconnection Trunks in June 1998 (in Millions)									
	· From SBC to CLEC	2.3	0.1	9.9	14.2	28.1	54.6	62.8	4.1	121.5
	· From CLEC to SBC	0.1	0.0	0.0	0.0	15.9	16.0	63.5	0.0	79.5
	· Total	2.4	0.1	9.9	14.2	44.0	70.5	126.3	4.1	200.9
14 Offering for resale at wholesale prices	**Resold Access Lines**									
any telecommunications services	· Business Lines (Simple and Complex)	1,377	27,287	8,532	4,382	77,649	119,227	115,778	1,570	236,575
offered at retail to subscribers who	· Private Coin Lines	0	7	52	27	11,505	11,591	8,901	0	20,492
are not themselves carriers.	· Residential Lines	13,211	22,971	13,935	17,019	195,089	262,225	130,332	338	392,895
	· Total	14,588	50,265	22,519	21,428	284,243	393,043	255,011	1,908	649,962

Note 1: CA and NV data updated quarterly. CA Total Feet of Duct Occupied reflects both IXC and CLEC facilities.

Note 2: SWBT total counts each CLEC once, although it may appear in multiple states and as both a facilities based and resale provider.

Note 3: Each NXX Code equals 10,000 telephone numbers.

Note 4: Totals do not include disputed Internet minutes of use. However, the fact that over 9.93B minutes of Internet traffic have been exchanged between SBC and CLEC networks in 1997 and 1998 also demonstrates that SBC's networks have been opened to competition. SWBT 1997 and 1998 totals include only Local and Optional EAS traffic. PB 1997 totals also include intraLATA toll.

* CA reflects actual number of cages. By SWBT methodology, operational physical collocation would be 233 (counting CLECs in a given wire center only once).

** CA Order Volumes include resale activity only (not facilities based orders).

*** KS does have OA/DA trunks, but they appear in MO as they serve both MO and KS.

**** Represents only that traffic for which originating records have been exchanged.

CLECs with Certifications (a/o 7/20/98)		**AR**	**KS**	**MO**	**OK**	**TX**	**SWBT's 5 States**	**CA**	**NV**	**SBC TOTAL**
	· Number Approved	23	55	41	40	164	323	117	60	500
	· Number Pending	22	6	17	18	9	72	29	2	103
CLEC Interconnection Agreements (a/o 7/20/98)										
	· Number Signed (Resale, FB, & Combo)	39	44	45	44	146	318	40	16	374
	· Number Approved (Resale, FB, & Combo)	30	29	27	18	118	222	32	13	267
	· Number of Arbitrations Completed	1	3	3	1	11	19	4	0	23
	· Number of Arbitrations In Progress	1	0	0	0	1	2	0	1	3
	· Number Under Negotiation (Resale, FB, & Combo)	69	68	82	72	149	440	61	38	539

PACIFIC BELL IMPROVEMENTS

Opening the door to local competition required Pacific Bell to make major changes to its operation support systems ("OSS") to accommodate expected CLEC competition and to satisfy standards established by the CPUC. The development of new systems and processes for local competition was a monumental task. The process of opening the local market is a highly complex endeavor that requires Pacific to share its facilities in ways never tried before, and in a manner for which the systems were not originally designed and developed. Such efforts required unprecedented degrees of cooperation and coordination with competitors. Not only has Pacific had to establish processes and systems with which to make its own products and services available to wholesale customers for resale to their end-users, it has had to develop and deliver an entirely new product set – unbundled network elements – that had no analogous service on the retail side. Making these wholesale products and services available to wholesale customers required an enormous amount of retrofitting of Pacific's own systems, as well as the development of complex and intricate new systems and processes. (To provide some perspective, it typically takes

approximately 12 to 18 months to move a single product from the conceptual stage to market in the retail environment. In order to meet its obligations under the Act and the resulting regulatory decisions, Pacific was required to design and implement hundreds of new products and services simultaneously.)

This process was further complicated by the fact that the regulations and requirements were not defined when Pacific began undertaking efforts to make wholesale products available. Pacific was developing systems and processes while interconnection agreements were still being negotiated and arbitrated, and before the regulatory bodies had defined the exact scope of Pacific's obligations. In addition, the system developments and modifications were extremely difficult to manage because they touched upon so many systems concurrently, i.e., pre-ordering, ordering, provisioning, maintenance, and billing systems. A system change can be readily managed when one or two systems will be affected. But when multiple systems are being developed or modified at the same time, the effort it takes to maintain a reliable network that can accept and understand all the integrated system changes is enormous. Moreover,

within a single system or application, there is a practical limitation in the number of programmers that can simultaneously redesign and manipulate the software without corrupting or deteriorating the integrity of the software code. Additionally, the skilled experts who were responsible for working with wholesale customers to design and develop systems had to stretch their responsibilities to cover the enormous amount of incremental work that was necessary for opening Pacific's network. (The additional responsibilities could not be readily absorbed by adding personnel from external sources, as the development work required substantial industry and company-specific expertise.)

As stated, one factor that contributed to the challenge in developing effective systems was that Pacific was designing and developing systems well ahead of the establishment of national standards, and ahead of the FCC's decisions defining the lengths to which the incumbents would have to go to make their network available to wholesale customers. One significant example of how these early efforts ultimately hindered Pacific's performance revolves around the billing system selected by the CLECs for resale

services. Pacific had interpreted the early CPUC decisions as requiring Pacific to make only POTS-like services available for resale. Before Pacific's obligations had been defined, and acting in accordance with that interpretation, Pacific agreed to bill certain services to wholesale customers through Pacific's Carrier Access Billing System ("CABS"), rather than through the Customer Record Information System ("CRIS") used for retail products.[1] Wholesale customers apparently requested CABS-like billing because it would be compatible with the systems they used to accept Pacific's billing for access services. Pacific did not object at the time because Pacific believed it could support CABS billing in a simple POTS-like environment. However, this decision would prove to have significant consequences. Once the regulatory bodies defined the extent to which Pacific would have to make its services available to CLECs, Pacific had already committed itself to CABS, and in some instances, had been required through arbitration to include CABS for more complex products. The requirement to

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[1] Pacific believes it was the only local exchange carrier in the country that agreed to bill the CLECs out of CABS for resale. Pacific moved CLEC resale billing from CABS to CRIS in May 1998. By moving to CRIS, Pacific is able to offer the same mass market system and ordering capability that it uses to serve its own retail end users.

bill CLECs through CABS for a robust offering of resale services required Pacific to redesign each retail product available for resale for the CABS environment. The intensity and complexity of effort required to make that conversion contributed substantially to the delay in the implementation of mechanized systems.

The use of CABS to bill local wholesale customers posed other operational challenges for Pacific. During the first several weeks after MCI began submitting a substantial amount of orders, CLEC end-user customers suffered dial-tone loss during the migration process.

To understand why this occurred, it is necessary to explain how the "two-order" migration process evolved. As discussed above, Pacific bills its retail customers out of CRIS. In order to bill the local wholesale customers out of CABS for resale, as they requested, it is necessary during the migration process to first remove the migrating customer from Pacific's billing system, CRIS, before re-entering the customer into CABS. This requires that two orders be entered into SORD (Pacific's order provisioning system): one order takes the customer out of CRIS and issues a final bill to the customer for retail services; the second order enters

the customer into CABS. If the two orders become disassociated, and one order is worked but the other is not, the customer could experience loss of dial tone.

At the inception of resale, certain orders became disassociated from each other. Because resale was a new line of business, some of Pacific's employees had not yet had the opportunity to become familiar with the FID (field identifier) on the resale orders that linked the two orders together. (The FID, in effect, is a cross reference between the two orders.) As a result, the disconnect order removing the account from CRIS was at times processed independently from the change order establishing the customer in CABS, and certain migrating customers consequently experienced loss of dial tone.

Immediately upon identifying the source of this issue, Pacific undertook efforts to improve its processes and train its employees to minimize the potential for loss of dial tone, including:

- Making changes to desk-top systems automation;
- Doing additional training in downstream departments to help them identify the types of errors that result in dial-tone loss;

- Establishing a dedicated provisioning center for wholesale ordering;
- Doing additional downstream training for order processing; and
- Altering the FID structure on the service order to reduce order processing errors.

With these improvements, the disconnect issues were dramatically improved by first quarter 1997, and while there were still isolated incidents of loss of dial tone, improved procedures and quality controls, on both Pacific's and the local wholesale cusomters' side, reduced such instances to near *de minimus* levels by mid-year 1997.

OPERATIONS SUPPORT SYSTEMS

To provide CLECs a ready point of entry for direct electronic access to OSSs, SBC established Remote Access Facilities for both the SWBT and Pacific Bell/Nevada Bell regions that accommodate either dial-up or private-line connections. Using these facilities, wholesale customers are able to accomplish transactions with the same level of mechanized processing as SBC retail service personnel.

SBC's Help Desks assist local wholesale customers with any questions or problems they encounter while electronically accessing OSS functions, 24 hours per day, 7 days per week. On-line help menus are included on most systems and additional reference material is available as well. The vast majority of local wholesale customer calls to the Help Desk request SBC's assistance in resolving problems that have been caused not by any deficiency in SBC's systems, but rather by easily corrected problems at the wholesale customer's end of the interface.

SBC has made special efforts to encourage local wholesale customers to utilize electronic interfaces for their transactions. For instance, SBC offers local wholesale customers throughout its region, free evaluation

and "live" access periods of 90 days each, so that local wholesale customers can become familiar with the interfaces before committing to them. For each electronic interface, SBC provides local wholesale customer representatives extensive training, workshops and written materials that allow them to submit complete and valid service orders. SBC likewise has verified through internal as well as independent, third-party testing, that, as local wholesale customers shift their manual orders to electronic interfaces, those interfaces will be capable of handling high volumes of transactions efficiently.

LOCAL WHOLESALE CUSTOMER EDUCATION

SBC has devoted considerable time and resources to develop educational courses and materials to assist CLECs to enter SBC's local markets.

Small class size (maximum of 12) and in-class exercises enables SBC's instructors to ensure a quality learning experience and level of understanding for each local wholesale customer student. Overall satisfaction rating on our workshops and OSS classes is 98 percent with as many as 90 percent of the students rating our sessions either "extremely" or "very" satisfactory.

SBC has absorbed development costs for its workshops and classes and its financial commitment to local wholesale customer education has grown from nearly $1 million in 1997 to approximately $3 million in 1998. We already offer nine workshops and 16 OSS classes totaling 82 class days and the number continues to grow. We develop new workshops as issues are identified. In addition to instructor guides, student workbooks and reference materials presented to students in class, local wholesale customer workshop and OSS class participants are provided the material on computer disk to enable their training personnel to easily adapt the

material and train their service representatives to meet their customer care and business plan needs. Updated job aids and user guides from the OSS classes are available, on-line, to the local wholesale customers that subscribe to our OSSs.

To make updated reference material and other information easily accessible to each local wholesale customer's personnel, SBC has created an Internet website (http://www.clechb.com) that includes many useful resources. The website provides electronic access to our CLEC Handbook (updated weekly as necessary); Accessible Letters that notify local wholesale customers of the introduction of new telecommunications services, timely information on the introduction of new service promotions available for resale; and reference material for ordering of resold services, unbundled network elements, interconnection and local number portability.

Many of the reference materials used in SBC's local wholesale workshops and classes are included on the website including the CLEC Handbook, Local Service Ordering Requirements, Guidelines for Local Interconnection, Directory Matters Reference Guide, and USOC manual. Our

local wholesale handbooks, workshops, classes, and reference materials are continually evolving to ensure that all of our local wholesale customers have timely and accurate resources to implement their interconnection and resale agreements and begin providing services to their end users. Potential local wholesale customers have access to a section of the website that provides information on how to become a CLEC in our serving areas. Information provided includes contacts for each state commission and an overview of the local certification process; descriptions of resale, UNE and interconnection options; how to initiate negotiations; and, the name and telephone numbers of the various customer service centers that interface with our local wholesale customers.

A videotape, "Future Communications: A Brief Overview of Working with Southwestern Bell, Pacific Bell and Nevada Bell Telephone Companies to Provide Local Telephone Service," also was developed in 1998 by SBC and is provided to potential local wholesale customers.

In addition to the website, video, formal workshops and OSS classes which are available, internal work groups provide one-on-one assistance to our local wholesale

customers. For instance, SWBT managers in our Carrier Relations organization work with new facilities-based local service providers and their vendors to learn how to accurately complete records necessary for industry-wide intercompany compensation. In this way, we help our customers fulfill their obligations under state rules for exchange of local and toll message billing records and compensation among various primary exchange carriers.

PROCESS IMPROVEMENTS MADE BY SBC

The following discusses examples of process improvements that have been instituted in SBC's operations to better meet local wholesale customer needs and expectations:

Fixed Order Confirmations

In early 1997 Pacific Bell's RLSC experienced delays in returning firm order confirmations ("FOCs")on orders for resold service. Pacific Bell addressed the missed confirmations by introducing systems for tracking faxed orders and for submitting orders electronically. For 1998, year-to-date, FOCs were issued within 4 hours of an electronic order nearly 100 percent of the time.

Billing System and Operational Support System Improvements

In May of 1998, Pacific Bell commenced its conversion from the Carrier Access Billing System ("CABS") to the Customer Record Information System ("CRIS") for resale orders, in conjunction with the introduction of new electronic interfaces. CRIS is the billing system used by Pacific Bell for its retail operations. This change addressed root-cause ordering, provisioning, and billing problems experienced by California CLECs during 1996 and

early 1997. As a result of this conversion, Pacific's local wholesale customers now have direct access to Pacific's ordering systems.

Collocation

Also, in California, high demand for physical collocation in Pacific Bell's central offices has caused available space to fill-up quickly. In fact, Pacific Bell has provisioned 395 physical collocation arrangements to CLECs in California as of the end of June 1998 with another 274 under construction to be complete by the end of August 1998 - more than in any other state in the country. Pacific Bell therefore has taken extraordinary steps to expand the space available for collocation use, steps beyond what we believe the Act requires. In offices where space was unavailable, Pacific Bell created new space for CLECs' use through such steps as removing non-functioning equipment, relocating administrative offices, and offering common collocation. These changes enabled Pacific Bell to offer additional space in 53 central offices that were previously out-of-space. In addition, SBC has made virtual collocation generally available to requesting CLECs, even though the 1996 Act only requires that it be offered when adequate

physical collocation space is not available. Moreover, Pacific Bell has offered other innovative solutions which eliminates the need for physical or virtual collocation offering, instead to run lines from the central office to a CLEC's selected location in a neighboring building.

Number Portability

In its five states, SWBT recently revised its procedures for processing CLEC requests for porting telephone numbers. Interim Number Portability ("INP") enables customers of facilities-based carriers to retain their existing telephone number even after they no longer subscribe to SWBT service. INP is an extremely complex process that requires a high degree of coordination between SBC and the CLEC. If the parties are not synchronized during implementation of INP, the conversion can fail and temporary loss of service to the CLEC's new end user customer can result.

In response to coordination problems of this sort, SWBT took aggressive steps to improve the INP process. To begin with, SWBT added additional customer testing technicians to accommodate high INP order volumes, temporarily assigned service representatives exclusively to

performing quality checks on INP orders to ensure accuracy, and devoted customer service representatives to scheduling all INP orders and ensuring that INP cutovers are planned, coordinated, and implemented as requested by the CLEC with no noticeable service interruptions. Additionally, SWBT initiated log procedures to track communications and provided personnel involved in INP cutovers with training that enables them to identify, prior to completing the actual cut, INP orders that will require an unusual degree of coordination with the CLEC. SWBT established in Dallas an INP/UNE quality check group to ensure that INP (as well as unbundled network element) orders are processed without errors. It also imposed an internal checkpoint in the process to ensure that distributed INP orders are sent throughout SWBT's network and provisioned correctly. SWBT also has assigned a single supervisor to be a point of contact and to be responsible for tracking the INP process, and established a jeopardy code that will stop the processing of an order when a supplemental order has been received. Finally, SWBT has initiated an internal weekly conference call to identify root causes of INP failures and to develop generally applicable solutions to these problems.

NEW ENTRANTS' MARKET ENTRY STRATEGY

The following quotes illustrate the local market strategy being employed by most new entrants, i.e., to target higher margin customers:

- "Our strategy is not in the consumer business . . . [i]t's very difficult for us to find a way to make economic sense out of the advertising budgets, the customer service budgets, etc., required to be in the consumer business."[1]

- "[N]ot AT&T, not MFS or anyone else, is going to build local telephone facilities to residential customers. Nobody ever will, in my opinion."[2]

- AT&T will build competitive local facilities only "where and when it makes economic sense."[3]

- "We don't play in residential."[4]

- "[MCI's] focus is on high-value customers who use multiple services."[5]

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[1] M. Mills, WorldCom Would Shift MCI's Focus, Washington Post, Oct. 3, 1997, at A1 (quoting WorldCom Vice Chairman John Sidgmore).

[2] M. Mills, Hanging Up on Competition?, Washington Post, June 1, 1997, at H1 (quoting WorldCom CEO Bernard Ebbers).

[3] AT&T, 1996 Annual Report 3 (1997), former AT&T President Robert Allen.

[4] T.J. Mullaney, Competition Calling: Anyone There?, Baltimore Sun, Apr. 6, 1997, at 1D (quoting Ron Vidal, WorldCom Vice President for New Ventures).

[5] MCI, First Quarter 1997 Investor Bulletin, http://investor.mci.com/investor_pubs/quarterlies/qr_1997/ r_1997-1.html.

- "[WorldCom's] religious focus is on the business customer . . . [i]t is a jihad . . . [t]his other market is something new."[6]

- MCI has acknowledged that its local strategy has been to target high value business customers because: "Why did Willie Sutton rob banks? You go where the money is."[7]

- "AT&T aims to focus much of its future marketing on the top tier of high-spending consumers of communications services. These are the 20% of people who account for 80% of the company's $6 billion in annual profit."[8]

- MCI has admitted that its "focus is on high-value customers who use multiple services" and that it intends to "continue to transition away form low-value Mass Markets customers who respond only to price promotions" and "continue to allocate our resources toward the highest margin opportunities."[9]

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[6] M. Mills, WorldCom Clarifies MCI Plans, Washington Post, Oct. 4, 1997, at D1 (quoting John Sidgmore).

[7] S. Ginsberg, MCI's Buzzing, San Francisco Business Times, August 1-7, 1997, at 20 (quoting Bill Berkowitz, MCI San Francisco executive).

[8] J. Keller, AT&T Sets Bold New Business Strategy, September 18, 1997, at A3 (quoting John Zeglis, AT&T Vice-Chairman).

[9] MCI Investor Report, September 19, 1997 (quoting Douglas L. Maine, MCI Chief Financial Officer).